

Development (1954) Department.

SERIES.

G.O. No. 4192

Dated 12th January 1948

[Despatch Abstract.]

**TEXTILES - Yarn and Mill Cloth - Distribution through
Co-operative organisations as interim arrangements -
Schemes from Registrar of Co-operative Societies.
Approved.**

GOVERNMENT OF MADRAS
DEPARTMENT DEPARTMENT

G.O.Ms.No.4192, dated 12-8-1948

Abstract

Textiles - yarn and mill cloth - distribution through
Co-operative Organisations as interim arrangement -
Schemes submitted by the Registrar of Co-operative Societies-
Approved
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READ:

From the Registrar of Co-operative Societies,
No. 71450/48 Sl, dated 4-8-48.
71470/48 Kl, dated 4-8-48.

The Government of India have reimposed control over cotton yarn and mill cloth. They have decided to allot definite quotas to the Provinces who should purchase their quotas through buyers nominated by them whether for sale through Government controlled shops or through trade channels. As an interim measure before permanent arrangements are finalized, this Government have decided that all the yarn and cloth allotted to this Province should be distributed through Co-operative organisations in this Province. To give effect to this decision, the Registrar of Co-operative Societies, has submitted proposals for the distribution of yarn to weavers who are not members of weavers co-operative societies through the agency of the emporiums of the Madras Handloom Weavers' Provincial Co-operative Society and the primary weavers societies, and for the distribution of mill cloth through the agency of co-operative wholesale stores and primary stores affiliated to them. The reports of the Registrar of Co-operative Societies containing these two schemes are appended to the Order. The following orders are passed by His Excellency the Governor on the proposals:--

ARRANGEMENTS FOR DISTRIBUTION OF YARN.

2. The Board of Directors of the Provincial Society wants that the Provincial Society should have the monopoly of yarn distribution till the 31st December 1948. This is not possible, but the Government are prepared to entrust the work to the Society for two or three months so that the results of its working may be known. All establishments such as powerlooms and big handloom factories in Malabar which were previously receiving quotas direct from the mills should continue to receive them from the Mills direct. The Registrar of Co-operative Societies has asked for margins of profit at 10% in the case of counts above 30s and 12½% in the case of other counts. These margins are accepted tentatively, subject to their being within the limit of the maximum percentages to be fixed by the Government of India. All expenses including transport charges, handling charges etc. should be met out of this, so that there is a uniform retail price for yarn for sale to weavers throughout the Province. Subject to these modifications His Excellency

His Excellency the Governor, approves the scheme submitted by the Registrar of Co-operative Societies.

3. The Provincial Society wants financial accommodation of Rs.2 crores at 3% per annum repayable within 3 months of the closure of the scheme. The security will be the stock in trade, namely yarn, and all the unencumbered stocks of cloth produced by its members and affiliated societies. His Excellency the Governor sanctions the grant to the Provincial Society of a loan of Rs.2 crores at 3% per annum on the security offered. The loan is repayable within 3 months after the closure of the scheme. The loan should be drawn in 4 instalments with an interval of one week between one instalment and another. The society should give not less than one week's notice to the Government in the Finance (Ways and Means) Department, of its intention to draw a particular instalment and also when repayments are to be made.

4. His Excellency the Governor permits the Registrar of Co-operative Societies to utilise to the fullest extent the sanction accorded for extra staff in G.O.No.1505, Development, dated 25-3-1948, as modified subsequently.

5. His Excellency the Governor agrees that one Joint Registrar of Co-operative Societies and staff detailed in para 7 of his report may be necessary in the Registrar's office for work connected with the schemes. His Excellency the Governor considers that the expenditure on staff should be met by the Provincial Society. The Registrar of Co-operative Societies is requested to obtain a letter of consent from the Provincial Society to this effect and then employ the necessary staff while simultaneously addressing the Government for necessary sanction for the employment of staff.

6. Orders regarding exemption under section 60 of the Madras Co-operative Societies Act to enable sale of yarn to non-members will be issued separately.

7. The Provincial Society requests that necessary storage facilities for yarn should be provided by the Government. The Collectors of Districts are requested to help the Provincial Society in this regard.

8. His Excellency the Governor does not accept the suggestion of the Provincial Society that there should be the least interference from the Textile Control and Revenue departments and that the Provincial Society should not be taken to task for BONA FIDE commission or omission, but agrees that complaints against co-operative societies should be investigated in the first instance by officers of the Co-operative department.

9. ARRANGEMENTS FOR DISTRIBUTION OF MILL CLOTH.

His Excellency the Governor approves the scheme submitted by the Registrar of Co-operative Societies for distribution of mill cloth through 22 wholesale co-

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cooperative stores, and directs that a month's quota should immediately be allotted to the wholesale stores for distribution.

10. The Textile Commissioner, Bombay, requires that the Government should nominate agents, preferably not more than five in number to take delivery of stock from the production centres at Bombay on payment of cash. The Registrar of Co-operative Societies has already been requested to send the names of buyers on behalf of the stores urgently to the Government, and this is awaited. It is open to the stores, if they so desire, to employ commission agents to procure cloth on their behalf, to put it on rail and to accept payment against Railway receipts. The arrangements finally made may be communicated to the Government.

11. Government consider that it will be desirable to have a Government officer at Bombay to assist the stores in their procurement work. His Excellency the Government accordingly appoints Sri R. Sugramaniam, Personal Assistant to the Director of Controlled Commodities, as Assistant Textile Commissioner (Madras) at Bombay, for a period of six months from the date of the order. Sri R. Subramaniam will draw a pay of Rs.800/- per mensem inclusive of all allowances. The officer will proceed to Bombay immediately by air.

12. Sanction is accorded to the employment, for a period of six months from the date of this order, of the following staff for work under the Agent to the Provincial Textile Commissioner at Bombay.

- 1--Accountant on Rs.140-190 per mensem.
- 2--Upper Division Clerks.
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13. The Registrar of Co-operative Societies attention is invited to Government Endorsement No.64522 M/48-9, Development dated 5-8-48 regarding stamping of bales and he is requested to issue necessary instructions to the societies for the stamping of yarn and cloth allotted to them which are not already stamped.

14. His Excellency the Governor approves the suggestion that 12½% of the ex-mill price may be allowed to be shared equally between the wholesale stores and the ~~fix~~ primary stores and that in addition the wholesale stores may be allowed to charge transport and handling charges, actually paid including charges for the Commission-Agent, if any, in Bombay. If the maximum margin, to be fixed by the Government of India is, however, lower, the co-operative stores should accept the lower figure.

15. The Registrar of Co-operative Societies is informed that the orders in G.O. No.1371, Development, dated 12-6-48 permitting him to relax the maximum credit limits to wholesale stores will apply in regard to the distribution of mill cloth also.

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8. His Excellency the Governor accepts the suggestion that the Buckingham and Carnatic Mills may be permitted to distribute their cloth through their own agents and that the Mettur mills may be permitted to distribute 50% of their cloth through their own distributors, the other 50% being given to the wholesale stores.

17. The expenditure on account of the loan will be met from the appropriation under "Loans and Advances bearing interest - Miscellaneous - Loans and Advances - f. B Loans to Co-operative Societies and L.M.Bs" and debited to the detailed head "Loans to Weavers Co-operative Societies."

(By Order of His Excellency the Governor)

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Secy. to Government.

To

The Provincial Textile Commissioner,
The Registrar of Co-operative Societies,
All Collectors.
The Accountant General through Finance.
The Departments of Secretariat.
The Textile Commissioner, Bombay.
The Secretary to Government,
Ministry of Industries and Supply,
New Delhi.

APPENDIX.

Here enter report from the Registrar of Co-operative Societies at pages 73-87 c.f.

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APPENDIX.

Report from the Registrar of Co-operative Societies.

Copy of letter No. Rc.71450/48 S.I, dated 4-8-48 from the Registrar of Co-operative Societies, Chepauk, Madras, to the Secretary to Government, Development Department, Fort St. George, Madras.

Sub: Textiles - Re-imposition of controls -
distribution through co-operatives - scheme.

As desired by Government, I submit the following scheme to implement the textile policy recently announced by the Government of India to distribute Mill cloth through Consumers' societies.

(1) AGENCIES FOR DISTRIBUTION:-

There are at present 22 Co-operative Wholesale Stores covering all the 24 districts in the Province. While two of them namely, the 24 districts in the Province. While the Madura-Ramnad Wholesale Stores, Madura and the Godavary Co-operative Central Stores, Rajahmundry have jurisdiction over two districts, the remaining twenty serve one district each. The Madras City is served by the Triplicane Urban Co-operative Society. The quantities of Cloth available for supply to each district may be allotted to the Wholesale Stores of the district concerned which will arrange for their retail distribution through their own branches and the primary stores affiliated to them. The 22 Wholesale stores have altogether about 420 branches. There are 1742 primary stores and they have altogether about 1400 branches of their own. So far as the Madras City is concerned, the allotment may be made to T.U.C.S. which will distribute the stock through its branches and the six primary stores functioning in the city. A list showing the number of primary stores affiliated to each wholesale stores as on 30-6-1948 is enclosed. It may not be possible or desirable to entrust the distribution work to all the primary stores; those whose management is bad or whose financial position is unsound will have to be eliminated, but I do not expect that their number will be more than 5% of the total. There are the P.C.C. societies - 168 in the circars and 106 in Malabar. The services of such of these institutions as are functioning satisfactorily may be utilised for distribution but they will receive their supplies only from the District Wholesale Stores, It is not however expected that the Co-operative Wholesale stores with their branches, the primary stores and their branches and the Producers cum consumers' Co-operative Societies, will by themselves be in a position to effectively undertake the entire distribution of Mill cloth throughout the Province. There are several villages not covered by stores' societies, where it has not been possible to organise them owing to factions, lack of

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interest on the part of the villagers or other similar causes. The Wholesale Stores and the primaries will be encouraged to open branches in such places, but even then, it may not be possible to cover all the villages. There may be co-operative Credit Societies or other types of societies functioning in places where there are no stores, but I do not consider it desirable to entrust the business of distributing Mill cloth to them. In areas not covered by stores societies, the distribution will therefore have to be done by private dealers. They will receive their supplies from the private ~~xxxxxxx~~ wholesale dealers that the Director of Controlled Commodities may nominate. It should however, be made clear that where stores societies are working, they should have the monopoly, as otherwise it will lead to unhealthy competition. The wholesale stores will distribute the stocks received by them to the primaries after reserving a portion for sale through their own branches. This distribution will be done with reference to the needs of the locality served by each stores. To prevent undue favouritism, being shown to any primary stores, the Wholesale stores will be required to submit to the local Deputy Registrars the distribution statements for their previous approval.

(ii) ALLOTMENT TO WHOLESALE AGENCIES:

The quantity that should be allotted to each Province has not been decided, but it is expected that about 9,000 bales of cloth will be allotted to the Madras Province per month. This quantity may be divided among the 22 Co-operative Wholesale Stores and the T.U.C.S. in proportion to the monthly allotments that were made to the districts served by them during the time when control was in force last time. With reference to the allotments so made, each Co-operative Wholesale Stores will submit an indent showing the quantities of the different varieties it requires. If any variety indented for is in short supply, the available quantity may be divided among the wholesale stores in proportion to the total allotment for each district. In respect of varieties which are in excess of the demand, the surplus may be allotted to private dealers whom the Director of Controlled Commodities may nominate. The first preference in respect of all varieties may be given to the Co-operatives, whose representatives should be given all facilities to select the cloth that they may require. Private merchants may serve only as a second line, to whom allotment may be made only after the full requirements of Co-operative Institutions are satisfied.

(iii) CONSUMERS' PRICE:

A profit of 12½% of the ex-mill rate may be allowed to the distributing agencies. This profit will be shared equally between the wholesale stores and the primaries. The price to be charged to the consumer will be the ex-mill rate plus 12½% over it, plus the actual transport charges from the mills to the headquarters of the Co-operative Wholesale Stores plus the sales tax. The transport charges from the godowns of the Co-operative Wholesale Stores to the Primaries will be met by the former

former from the 64% margin allowed to it. Under this arrangement, the price that the consumer will have to pay will be uniform throughout each district. While the primaries will get a clear profit of 64% of the ex-mill rate, the wholesales too may earn a decent profit after meeting the transport charges within the district. In case it is found from experience that the net profit left for the wholesales is inadequate, the proportion in which the margin of 12 1/2% is shared between it and the primaries will be suitably altered, but in no case will the consumer be ~~xxx~~ charged more than what is stated above.

(iv) FINANCE:-

Presuming that the quantity of cloth that may be allotted to this Province will be about 9,000 bales a month and that each bale will cost about Rs.1,500/-, the total funds required to take delivery of one months stock will be about Rs.135/- lakhs. I am not sure whether the stocks purchased in a month can be sold out completely before the end of the next month. As cloth sales are generally seasonal, the societies may be obliged at times to keep on hand two or three months' stocks. Three months' stocks may cost about Rs.4 crores and the societies should be prepared to lock up this sum in the textile business. The Provincial Bank and the Central Banks may be in a position to finance the wholesale stores to this extent, but for want of time I have not ascertained whether they are willing to do so. I do not expect any difficulty in this regard, but if it should arise I shall approach Government for the necessary help. I ~~am~~ may have to relax the ~~am~~ maximum credit limits of some of the wholesale stores to enable them to borrow adequate funds for the textile business. In their order No.3127, Development, dated 12-6-1948, Government have already permitted me to relax the maximum credit limits of wholesale stores for the period upto which procurement under the 'levy system' and distribution through relief shops is in force or till 30-6-1949, whichever is earlier. I presume that so long as distribution of food grains through relief shops continues, I can relax the Maximum credit limits of wholesale stores through such relaxation may be necessary only to enable them to undertake the distribution of Mill Cloth.

(v) STAFF FOR SUPERVISION;

I am not asking for any additional staff for my Department to work the scheme. Co-operative Sub Registrars and Senior Inspectors already employed in the districts for the supervision of stores societies will be asked to pay special attention to this work. I shall however, instruct the wholesale stores to appoint additional staff to check the work of the primaries.

(vi) PERIOD OF THE SCHEME:

It is not known how long the control over Mill Cloth will last. Anyway, I shall make arrangements to work the above scheme till the end of November, 1948. Before the end of this period, I shall report to Government whether the scheme should be wound up or continued for any further period and if so with what modifications. I have not

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ascertained the views of the wholesale stores but I presume they will have no objection to work the scheme as suggested by me.

request that Government may be pleased to approve of my proposals soon.

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Registrar

NUMBER OF PRIMARY STORES AFFILIATED TO WHOLESALE STORES IN THE PROVINCE.

Name and address of the stores.	Jurisdiction. District.	No. of stores affiliated to C.W. Stores.
1. The Anantapur District Wholesale Co-operative Stores, Anantapur	Anantapur	48
2. The North Arcot District Central Cooperative Stores, Vellore	North Arcot	65
3. The South Arcot District Central Cooperative Stores, Cuddalore N.T.	South Arcot	57
4. The Bellary Central Cooperative Stores, Bellary	Bellary	41
5. The Chingleput District Cooperative Wholesale Stores, G.T., Madras	Chingleput	55
6. The Chittoor Cooperative Wholesale Stores, Chittoor	Chittoor	32
7. The Coimbatore Central Cooperative Stores, Coimbatore.	Coimbatore	65
8. The Cuddapah District Wholesale Cooperative Stores, Cuddapah	Cuddapah	67
9. The Godavari Central Cooperative Stores Rajahmundry	East & West Godavari	155
10. The Guntur District Wholesale Cooperative Stores, Guntur.	Guntur	103
11. The South Kanara Central Wholesale Cooperative Stores, Mangalore	South Kanara	69
12. The Kistna District Cooperative Central Stores, Bezwada	Kistna	56
13. The Kurnool Wholesale Cooperative Stores, Kurnool	Kurnool	65
14. The Madura Ramnad Cooperative Wholesale Stores, Madura	Madura and Ramnad	231
15. The Malabar Wholesale Cooperative Stores, Calicut	Malabar	62
16. The Nellore District Cooperative Wholesale Stores, Nellore	Nellore	63
17. The Salem Cooperative Wholesale Stores, Salem.	Salem	103
18. The Tanjore Central Cooperative Stores, Tiruvarur	Tanjore	95
19. The Tinnevelly District Cooperative Central Stores, Tuticorin.	Tinnevelly	152

20. The Trichinopoly Central Cooperative Stores, Trichinopoly,	Trichinopoly	56
21. The Central Cooperative Stores, Vizianagaram	Vizagapatam	77
22. The Nilgiris Central Cooperative Stores, Ootacamund.	Nilgiris.	25.

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Copy of letter No. Rc. 71470/48-K.1, dated 4-8-1948
from the Registrar of Co-operative Societies, Madras,
to the Secretary to Government, Development Department,
Fort St. George, Madras.

Sub: Madras Province - Distribution of Yarn to
weavers through Weavers' Cooperative Societies.

1. On 2-8-1948, the Deputy Secretary and Secretary to Government, Development Department suggested to me that the distribution of yarn to weavers who are not members of weavers societies might be taken up through the agency of the emporiums of the Madras Handloom Weavers' Provincial Cooperative Society and the primary weavers societies. I discussed the matter with the Board of Directors of the Provincial Society on 3-8-48. I enclose a copy of the resolution of the Board on the subject and also a copy of the note of the Business Manager referred to in the resolution.

2. At the outset, the Board expressed that it could not undertake such a huge scheme as an experimental measure for a short period of one or two months, on the ground that it would not be commensurate with the cost and trouble involved. After full discussion the Board of Directors agreed that the Provincial Society should take up this Business provided it is allowed to work the upto 31-12-48.

3. The main features of the scheme formulated by the Provincial Society are briefly as follows:-

- (1) The mills will have to supply the entire yarn bales intended for the handloom weavers to the units selected by the Provincial Society.
- (2) 60 out of the emporiums, dye factories, collective weaving centres, and the handloom factories of the Provincial Society will be selected by that Society and will receive the yarn and act as wholesale distributors of yarn.
- (3) Retail distribution to individual weavers who are not members of weavers societies will be made by 300 efficient and financially strong primary weavers societies to be selected by the Registrar and the President of the Provincial Society at the rate of 12 societies per district on an average.
- (4) In areas not served by the 300 select primary weavers societies, the Provincial Society will open depots for the distribution of yarn.
- (5) The Provincial Society will fix the price of yarn at ex-Mill rate plus 10% in the case of counts above 30s (both single and double) and 12½% in case of other counts (single or double). The Provincial Society and the primaries will share this margin equally and bear all incidental expenses within this margin.

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4. The note of the Business Manager has enumerated the facilities required for working the scheme successfully. One of the facilities required is temporary financial accommodation of Rs. 2 crores at 3% interest payable within 3 months after the closure of the scheme. This is necessary to enable the Provincial Society to rotate its funds and meet its obligations to the Mills promptly.

5. Another facility asked for is to depute departmental staff for supervising the distribution and checking up of the accounts relating to distribution of yarn. In G.O. No. 1505, Development dated 25-3-48 as modified in Government Memorandum No. 43809.N./48-3, dated 13-5-48, Government sanctioned the following staff upto 31-3-49 for work connected with the supervision of weavers societies.

Cooperative Sub Registrars	25 (including one for Registrar's office)
Senior Inspectors	109 (including 2 for Registrar's office)
Junior Inspectors	1 (including one for Registrar's office)
Peons	16 (including 2 for Registrar's office)
Typist	

6. In the same G.O. Government directed that the posts, not filled up, should not be filled up till the expansion of the weavers societies was actually taken up. Of the above, I have filled up all the posts except 2 posts of Co-operative Sub Registrars, 2 of peons and 31 of Senior Inspectors. In view of the observations of Government contained in their letter No. 48703-M/48-2, Development, dated 4-6-1948 to the President, All India Handloom Weavers' Conference, Nidobhrulu, I have already issued instructions to the Deputy Registrars to permit admission of new members in the existing weavers societies and to organise new societies wherever necessary. However, I have not yet filled up the posts of 2 Co-operative Sub Registrars, 2 peons and 31 Senior Inspectors referred to above. I shall fill up these posts now and utilise the entire staff not only for the normal supervision of weavers societies but also for supervision of the present scheme of yarn distribution. If, in the light of experience gained after one or two months I find that additional staff is necessary for the supervision of the scheme, I shall go up to the Government.

7. The distribution of yarn to non-members by weavers' Co-operative Societies was discussed once before by the Hon. Minister for Industries with me; the Deputy Secretary to Government and the then Textile Commissioner. I had then made it clear that such a course was not only uncooperative but also open to serious dangers. I indicated that when yarn is given to members, it is taken back as finished cloth and therefore abuses would not creep in; that when

yarn is given to non-members it cannot be taken back in the same manner because the society has no legal hold on the non-members; that as a consequence non-members taking yarn from weavers' cooperative societies were likely to trade in yarn and give rise to black markets. I also indicated that, even when the supply of yarn is restricted to members of weavers' cooperative societies, a great deal of abuse had set in and that I had to take severe action. I urged then that the weavers' cooperative societies should not be entrusted with the work of distributing yarn to non-members. Government were pleased to accept my view-point and to inform the President of the All-India Handloom Congress, Nidubrole, that such a course could not be accepted. I still adhere to the views I had expressed to be Hon. Minister. But as the Government of India have decided since that full control over yarn should be restored and as the Government machinery for taking over such control is not yet ready, I am agreeable to take up the work purely as a stop-gap measure. Nevertheless, even during the short period during which the experiment is to be tried, it is essential that rigorous control should be exercised by the Cooperative Department against mal-practices which are bound to arise. I, therefore, request Government to strengthen my hands by the appointment of a Joint Registrar of Cooperative Societies for supervising the activities of the Madras Handloom Weavers' Provincial Cooperative Society and its primaries. The necessary subordinate staff to assist the Joint Registrar may also be sanctioned. The total cost of this extra staff is given below:--

Average annual cost exclusive of allowance.

Joint Registrar and Subordinate staff:--		Rs.	A.	P.
1. Joint Registrar. (700-1000)		10,720	0	0
1 Stenographer (45-90)		1,230	0	0
3 peons (16-25)		745	2	0
1 Senior Inspector (904-120)		1,312	0	0
2 Junior Inspectors (65-90)		1,893	6	0
1 Typist (45-90)		930	0	0

		16,830	8	0

I may inform Government that in asking for this extra Joint Registrar and subordinate staff I am only repeating a request which I had already made to Government in my letter No. 9600/45-V.2 dated 9-10-47. Vide Development Memorandum No. 98352-N.147-9, dated 19-3-48. It is a request which is based on the surrender I had already made of two Deputy Registrars sanctioned in G.O.No.1202, Development, dated 19-3-47.

8. If the sale of yarn to non-members in weavers' cooperative societies is allowed by Government, the necessary exemption may be given by Government under Section 60 of the Madras Cooperative Societies Act from the operation of Section 4 which contemplates that a cooperative society can promote only the interests of its members. I shall then have the bylaws of the societies amended accordingly.

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Registrar.

/True copy/

Atchappan
31.12.54
Superintendent,
Madras Record Office.